

Duke Energy Carolinas, LLC

Part I and Part II Application for Department of Energy Federal Loan Guarantee Lee Nuclear Station

Note to DOE reviewer:

Duke Energy Carolinas is submitting a combined Part I and Part II Application in response to the DOE's June 30, 2008 solicitation for Nuclear Power Facilities (DE-PS01-08LG00002). The intent is to provide a stand alone document that satisfies all solicitation requirements. Some Part I responses remain unchanged from the initial submission on September 29, 2008. Part I responses that have been revised are blacklined and marked with a bar to the left to signify textual changes. Other Part I responses that have been completely subsumed by information provided in Part II direct the reviewer to the replacement response. Please see response WLS/II/A/1 changes/Additions to Part I Submission for more information.

Sections B, D, and E of this Application contain data which has been submitted in confidence and contain trade secrets or proprietary information, and such data shall be used or disclosed only for evaluation purposes; provided that, if this applicant is issued a loan guarantee under Title XVII of the Energy Policy Act of 2005 as a result of or in connection with the submission of this Application, DOE shall have the right to use or disclose the data herein, other than such data that have been properly reasserted as being trade secret or proprietary in the loan guarantee agreement. This restriction does not limit the Government's right to use or disclose data obtained without restriction from any source, including the applicant.

Table of Contents – Combined Part I and Part II Application

Letter of Commitment (dated December 19, 2008)

Loan Guarantee Application Form (dated December 19, 2008)

I.	Section A: Application Information	I-A-1
1.	WLS/I/A/01/Project Name.....	Page A-2
2.	WLS/I/A/02/Evidence of Authority.....	Page A-3
3.	WLS/I/A/03/Applicant Validation Statement.....	Page A-4
4.	WLS/I/A/04/Eligible Lender/Holder Statement	Page A-5
5.	WLS/I/A/05/Equity Commitment Letters.....	Page A-6
6.	WLS/I/A/06/Project Participants	Page A-7
7.	WLS/I/A/07/Applicant Point of Contact Information	Page A-9
8.	WLS/II/A/1/Changes/Additions to Part I Submission.....	Page A-10
9.	WLS/II/A/2/List of Requirements	Page A-14
II.	Section B: Project Description.....	I-B-1
1.	WLS/I/B/01/Executive Summary - <i>Revised</i>	Page B-2
2.	WLS/I/B/02/Technology Description.....	Page B-20
3.	WLS/I/B/03/Project Eligibility	Page B-22
4.	WLS/I/B/04/Organization - <i>Revised</i>	Page B-25
5.	WLS/I/B/05/Prior Experience.....	Page B-28
6.	WLS/I/B/06/Project Sponsors' Capabilities – <i>Replace with WLS/II/D/3</i>	Page B-35
7.	WLS/I/B/07/Proposed Project Location	Page B-36
8.	WLS/I/B/08/State and Local Support	Page B-39
9.	WLS/I/B/09/Project Time Lines - <i>Revised</i>	Page B-42
10.	WLS/I/B/10/Key Material Components	Page B-44
11.	WLS/I/B/11/List and Status of Licenses/Permits/Approvals - <i>Replace with WLS/II/C/4</i>	Page B-48
12.	WLS/I/B/12/Detailed Total Project Cost - <i>Replace with WLS/II/B/1</i>	Page B-49
13.	WLS/I/B/13/Loan Guarantee Impact.....	Page B-50
14.	WLS/II/B/01/Detailed Project Cost	Page B-51
15.	WLS/II/B/02/Legal Opinions/Material Reports	Page B-53
III.	Section C: Technical Information	I-C-1
1.	WLS/I/C/01/Key Contracts and Agreements - <i>Revised</i>	Page C-2
2.	WLS/I/C/02/Major Project Plans – <i>Replace with WLS/II/C/1, WLS/II/C/2, WLS/II/C/3, WLS/II/C/4</i>	Page C-8
3.	WLS/I/C/03/Potential Environmental Impacts.....	Page C-9
4.	WLS/II/C/01/Engineering and Construction Plans.....	Page C-19
5.	WLS/II/C/02/Operating and Maintenance Plans	Page C-122
6.	WLS/II/C/03/Decommissioning Plan	Page C-137
7.	WLS/II/C/04/Permits and Approval	Page C-140
8.	WLS/II/C/05/Engineer's Report	Page C-143
9.	WLS/II/C/06/Environmental Report.....	Page C-144

IV.	Section D: Business Plan	I-D-1
1.	WLS/I/D/01/Potential Project Offtake.....	Page D-2
2.	WLS/I/D/02/Summary Business Plan – <i>Replace with Section II-D Business Plan in entirety</i>	Page D-4
3.	WLS/II/D/01/Financial Analysis	Page D-5
4.	WLS/II/D/02/Market Analysis.....	Page D-9
5.	WLS/II/D/03/Project Sponsors’ Capabilities.....	Page D-17
6.	WLS/II/D/04/Contractual Agreements	Page D-20
7.	WLS/II/D/05/Management Plan	Page D-23
8.	WLS/II/D/06/Operational Risks and Mitigation.....	Page D-43
9.	WLS/II/D/07/Progress Reports.....	Page D-45
V.	Section E: Financial Plan	I-E-1
1.	WLS/I/E/01/Background and Legal Structure.....	Page E-2
2.	WLS/I/E/02/Legal Authority	Page E-5
3.	WLS/I/E/03/Financial Statements - <i>Updated</i>	Page E-7
4.	WLS/I/E/04/Credit History	Page E-8
5.	WLS/I/E/05/Litigation and/or Conflicts	Page E-9
6.	WLS/I/E/06/Financial Model – <i>Replaced in Section II-D</i>	Page E-12
7.	WLS/II/E/01/Sources of Funding	Page E-13
8.	WLS/II/E/02/Letter(s) of Intent	Page E-14
9.	WLS/II/E/03/Closing Checklist.....	Page E-15
10.	WLS/II/E/04/Information on Borrowed Funds.....	Page E-16
11.	WLS/II/E/05/Collateral.....	Page E-17
12.	WLS/II/E/06/Preliminary Credit Assessment.....	Page E-18
13.	WLS/II/E/07 Eligible Lender of Holder Statement	Page E-19
VI.	Section F: Application Certifications.....	I-F-1
1.	WLS/I/F/01/Certifications and Assurances - <i>Replace with WLS/II/F/1</i> ...	Page F-2
2.	WLS/II/F/01/Certifications and Assurance.....	Page F-13

Appendix 1

Approval of Business Transactions; Financing Activity and Financial Risk Management Policy; Creation, Dissolution, or Restructuring of Legal Entities and Subsidiaries

Board Resolutions dated August 2008 approving the 2009 Funding for Duke Energy Carolinas’ Lee Nuclear Station

Appendix 2

Lee Nuclear Station Site Layout Plan

Appendix 3

The PSCSC directive dated August 10, 2005

SCH.5236 Joint Resolution dated June 1, 2006

Public Service Commission of South Carolina Order Approving Application of Duke Energy Carolinas’ Decision to Incur Nuclear Generation Pre-Construction Costs dated June 9, 2008

North Carolina Utilities Commission Order Approving Decision to Incur Project Development Costs dated June 11, 2008

Appendix 4

Lee Nuclear Station Construction Facilities Site Plan

Appendix 5

North Carolina Statutory Authority under which Duke Energy Carolinas was created

Appendix 6

North Carolina Statutory Authority to Issue Debt, Charge Fees and Construct

Appendix 7

South Carolina Statutory Authority to Issue Debt, Charge Fees and Construct

Appendix 8a

Duke Energy Corp. – Form 10-K Fiscal Year Ended 12/31/07

Appendix 8b

Duke Energy Carolinas, LLC –Form 10-K Fiscal Year Ended 12/31/07

Appendix 9a

Duke Energy Corp. Form 10-Q Period Ended 3/31/08

Appendix 9b

Duke Energy Carolinas, LLC –Form 10-Q Period Ended 3/31/08

Appendix 10a

Duke Energy Corp. - Form 10-Q Period Ended 6/30/08

Appendix 10b

Duke Energy Carolinas, LLC –Form 10-Q Period Ended 6/30/08

Appendix 11

Duke Energy Credit Ratings as of June 30, 2008

Appendix 12

Duke Energy Historical Credit Ratings

Appendix 13

Financial Model – *Replaced*

Appendix 14

Environmental Report

Appendix 15a

Duke Energy Corp. Form 10-Q Period Ended 9/30/08 - *New*

Appendix 15b

Duke Energy Carolinas, LLC –Form 10-Q Period Ended 9/30/08 - *New*

Appendix 16

Duke Energy Carolinas Integrated Resource Plan filed with the North Carolina Utilities Commission in Docket No. E-100, Sub 118 on November 3, 2008

Appendix 17

Term Sheet for Power Purchase & Sale Agreement between Newco and Duke Energy Carolinas

Appendix 18

Summary of EPC Agreement between Duke Energy Carolinas and Westinghouse and Shaw for the Construction of two AP 1000 Units

Appendix 19

Summary of Alliance Agreement between Duke Energy Carolinas and Westinghouse for the Provision of Parts and Services

Appendix 20

Summary of Fuel Fabrication, Technology and Related Services Agreement between Duke Energy Carolinas and Vendor

Appendix 21

Summary of Spent Nuclear Fuel Disposal Contract for Lee Nuclear Station Units 1 and 2 with the Department of Energy

Appendix 22

Term Sheet for Nuclear Development & Operations and Maintenance Agreement for facility between Newco and Duke Energy Carolinas

Appendix 23

Term Sheet for the Project Debt for the Facility

Appendix 24

Term Sheet for Receivable Servicing Agreement

Appendix 25

Draft Large Generator Interconnection Agreement

Appendix 26

Operating Organization Structure

Appendix 27

Corporate Management Organization

Appendix 28

Construction Management Organization

Appendix 29

Plant Management, Technical Support, and Plant Operating Organizations

Appendix 30

Burns and Roe Independent Engineer Report

Appendix 31

S&P Preliminary Credit Rating

Appendix 32

Depreciation Schedule

Appendix 33

Financial Model Overview and Major Assumptions – Part II